



Durham Convention Center Authority meeting

Tuesday, June 15, 2010

8:00 am

The meeting was called to order at 8:00AM with the following representatives present:

Authority: Bill Kalkhof, Al Bass, Rosemarie Kitchin, Dawn Paffenroth, and Patrick Byker.

Owners: Sharon DeShazo, Joel Reitzer, Drew Cummings, Jina Propst, and Karmisha Wallace.

Management Company: Richard Brezinski, Joseph Hofmann, Keith Parham, and Wendy Jeffries.

Motion of approval for May 18, 2009 minutes were moved by Rosemarie Kitchin, seconded by Dawn Paffenroth, voted and agreed upon by all.

Open Issues:

- Capital Project phase II
- FY 2009/10 Budget Amendment

Action Items:

- Discussion of Revenue Improvement/New Hotel Task Force
- Management Agreement Update

Management Company report:

May revenues at \$113,960.11 are under budget by \$51,389.89 and \$24,740.89 below actual revenues from the prior year. Current bookings for the month result from 36 events, and 37 events from the prior year. Total number of future events booked is 14 with total revenue booked at \$115,747. Short term bookings are 57% of business. Event attendance continues as an issue revealing a decrease of 30-35%. The Sales/Marketing team is experiencing an increase in lead time booking events over 180 days out. The project Phase II construction schedule will affect relocating annual and repeat events.

The Convention Center suffered event cancellations affecting June actuals due to poor registration and attendance decreases. A recent Duke event experienced an attendance drop from 400 to 250 patrons.

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Precision Walls inspected the new ballroom partitions and forwarded a report to the Owners and Juan Carpio, chief engineer.

May expenses are under budget by \$23,834.32 partially due to lack of spending within the small fixed asset purchases and maintenance and repairs. In addition, telephone and food department labor costs were slightly elevated over prior month actuals by \$310.87 and \$5,798.35 respectively.

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 - The project will order long lead time components in parallel with bidding.
 - The term for construction will be through June 2011.
 - Mr. Reitzer met with Fullframe regarding how the project construction will impact their operation. The Owners are working on a contingency plan addressing issues surrounding a possible close down of the entire facility during construction.
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Authority: Bill Kalkhof, Al Bass, Rosemarie Kitchin, Dawn Paffenroth, and Patrick Byker.

Owners: Sharon DeShazo, Joel Reitzer, Drew Cummings, Jina Propst, and Karmisha Wallace.

Management Company: Richard Brezinski, Joseph Hofmann, Keith Parham, and Wendy Jeffries.

Motion of approval for May 18, 2009 minutes were moved by Rosemarie Kitchin, seconded by Dawn Paffenroth, voted and agreed upon by all.

Open Issues:

- Capital Project phase II
- FY 2009/10 Budget Amendment

Action Items:

- Discussion of Revenue Improvement/New Hotel Task Force
- Management Agreement Update

Management Company report:

May revenues at \$113,960.11 are under budget by \$51,389.89 and \$24,740.89 below actual revenues from the prior year. Current bookings for the month result from 36 events, and 37 events from the prior year. Total number of future events booked is 14 with total revenue booked at \$115,747. Short term bookings are 57% of business. Event attendance continues as an issue revealing a decrease of 30-35%. The Sales/Marketing team is experiencing an increase in lead time booking events over 180 days out. The project Phase II construction schedule will affect relocating annual and repeat events.

The Convention Center suffered event cancellations affecting June actuals due to poor registration and attendance decreases. A recent Duke event experienced an attendance drop from 400 to 250 patrons.

The Sales/Marketing team continue to meet daily with Ms. Jeffries and with Mr. Brzezinski's involvement. The team is selling 2011 events on a case-by-case basis as they receive leads.

Precision Walls inspected the new ballroom partitions and forwarded a report to the Owners and Juan Carpio, chief engineer.

May expenses are under budget by \$23,834.32 partially due to lack of spending within the small fixed asset purchases and maintenance and repairs. In addition, telephone and food department labor costs were slightly elevated over prior month actuals by \$310.87 and \$5,798.35 respectively.

Meeting Summary:

- Ms. Kitchin discussed continued issues with Googling the Convention Center website being that several months have passed since the sites completion. Shaner agreed to investigate strategies to improve the ability to Google the Convention Center website. They also stated the problem occurs when the word convention is searched and a variety of entries emerge.
- Phase II construction schedule is set to begin January 2011. New standards for the facility are going forward. The project needs an open dialogue on all bookings.
 - Mr. Reitzer has requested a detailed construction schedule. A major issue is scheduling the roof work around the weather. This will present a challenge.
 - The project will order long lead time components in parallel with bidding.
 - The term for construction will be through June 2011.
 - Mr. Reitzer met with Fullframe regarding how the project construction will impact their operation. The Owners are working on a contingency plan addressing issues surrounding a possible close down of the entire facility during construction.
 - Six months is dedicated to construction; however, the project will work toward completing in five. Five months will be 20% acceleration in completing the project early with no guarantees from the Owners.
 - The chillers will need City Council approval.
 - Shaner would like to discuss their preferred options for construction in parallel with slower business months.
 - Design development will be completed on June 28.
 - A stakeholders meeting is scheduled for June 29.
 - The Owners have requested a detailed construction schedule from Skanska.
- The Owners have agreed to a six month extension to the existing management agreement at a flat rate paid on a per month basis during the negotiation period of the new agreement. The agreed flat rate monthly reimbursement is \$102,000. There is no financial participation beyond the flat rate. Some terms within the current agreement extension are different. The Owners wish to have an agreement that is more manageable and this involves additional time to review all aspects. Mr. Reitzer would like to have the management agreement in place by the end of the current contract extension period which is December 31, 2010. The new management agreement should have renewable options with planning opportunities. The Owners are looking for a balanced agreement. The Owners will incorporate a work session for discussion and input to include the Authority.
- The title search continues for ownership of the Plaza area.
- A rough draft of the new management agreement has been prepared. The consultants (Hunden) are involved.

- The Owners have received approval to place banners on the Corcoran Street Garage. The Owners are currently completing both parking decks. Mr. Brezinski requests lighting levels up to scale in the surface parking lot Shaner currently rents.
- The Owners need a better landscaping plan for the Armory. It is currently unsightly.
- While the Convention Center is experiencing a revenues deficit, the Hotel is making money with an occupancy rate of 75.33% revealed for the month of May. The hotel is in the top 10% in the country.
- Shaner's Sales/Marketing division met to discuss Phase II construction and selling the Convention Center. Sales/Marketing is beginning to see events booked farther out. In searching for new business, Shaner feels there is a market for the Arts with DPAC in the area. The team is working on an arts event for November 2011. Mr. Kalkhof would like to see the Management Company build more partnerships.
- Shaner awaits the project construction schedule and cost allocation. Shaner is waiting on the Owners prior to future bookings.
- The Owners have agreed with the Authority's recommendation that the FY 2009/10 shortfall overage be divided by each government entity paying \$102,000 and Shaner paying slightly more.

Agenda for next meeting

- Parking Deck – more light
- Capital construction update
- Revenue Improvement/New Hotel Task Force



Durham Convention Center Authority meeting

Tuesday, June 15, 2010

8:00 am

The meeting was called to order at 8:00AM with the following representatives present:

Authority: Bill Kalkhof, Al Bass, Rosemarie Kitchin, Dawn Paffenroth, and Patrick Byker.

Owners: Sharon DeShazo, Joel Reitzer, Drew Cummings, Jina Propst, and Karmisha Wallace.

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Precision Walls inspected the new ballroom partitions and forwarded a report to the Owners and Juan Carpio, chief engineer.

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